

House of Representatives, April 6, 1998. The Committee on Finance, Revenue and Bonding reported through REP. SCHIESSL, 60th DIST., Chairman of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING INTEREST RATE RISK MANAGEMENT AGREEMENTS IN CONNECTION WITH STATE BONDS AND EXPANDING CERTAIN INVESTMENT OPTIONS FOR STATE BOND PROCEEDS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (f) of section 3-20 of  
2 the general statutes, as amended by section 1 of  
3 public act 97-1 of the June 5 special session, is  
4 repealed and the following is substituted in lieu  
5 thereof:

6 (f) With the exception of refunding bonds,  
7 the proceeds of the sale of the bonds and any  
8 moneys held or otherwise set aside for the  
9 repayment of the bonds shall be deposited with the  
10 Treasurer or, at the direction of the Treasurer,  
11 with a commercial bank or trust company, in trust  
12 for the benefit of the state, pending the use or  
13 application thereof, for the purpose and projects  
14 specified in the bond act empowering the State  
15 Bond Commission to authorize such bonds. Any  
16 expense incurred in connection with the carrying  
17 out of the provisions of this section, including  
18 the issuance of refunding bonds, shall be paid  
19 from the accrued interest and premiums or from the  
20 proceeds of the sale of such bonds or refunding

21 bonds and in the same manner as other obligations  
22 of the state, except that expenses incurred in  
23 connection with the preparation, issuance and  
24 delivery of general obligation bonds issued in  
25 accordance with sections 3-17 and 10-183m, and  
26 delivered to the retirement fund provided for in  
27 section 10-183r shall be paid out of the General  
28 Fund if sufficient accrued interest and premiums  
29 are not available to pay such expenses. With the  
30 exception of the proceeds of refunding bonds  
31 deposited in a defeasance escrow fund, pending the  
32 use or application of any such bond proceeds or  
33 any such funds, such proceeds or funds may be  
34 deposited with the Treasurer in such fund or funds  
35 of the state as appropriate or at the direction of  
36 the Treasurer in a commercial bank or trust  
37 company with or without security to the credit of  
38 such fund or funds, or may be invested by, or at  
39 the direction of the Treasurer in bonds or  
40 obligations of, or guaranteed by, the state or the  
41 United States, or agencies or instrumentalities of  
42 the United States, in certificates of deposit,  
43 commercial paper, savings accounts and bank  
44 acceptances, in the obligations of any state of  
45 the United States or any political subdivision  
46 thereof or the obligations of any instrumentality,  
47 authority or agency of any state OR POLITICAL  
48 SUBDIVISION THEREOF, provided that at the time of  
49 investment such obligations are rated within one  
50 of the top two rating categories of any nationally  
51 recognized rating service or of any rating service  
52 recognized by the state Commissioner of Banking,  
53 and applicable to such obligations, in the  
54 obligations of any regional school district in  
55 this state, of any municipality in this state or  
56 any metropolitan district in this state, provided  
57 that at the time of investment such obligations of  
58 such government entity are rated within one of the  
59 top three rating categories of any nationally  
60 recognized rating service or of any rating service  
61 recognized by the state Commissioner of Banking,  
62 and applicable to such obligations, or in any fund  
63 in which a trustee may invest pursuant to section  
64 36a-353, or in investment agreements with  
65 financial institutions whose long-term obligations  
66 are rated within the top two rating categories of  
67 any nationally recognized rating service or of any  
68 rating service recognized by the state

69 Commissioner of Banking or whose short-term  
70 obligations are rated within the top rating  
71 category of any nationally recognized rating  
72 service or of any rating service recognized by the  
73 state Commissioner of Banking, or investment  
74 agreements fully secured by obligations of, or  
75 guaranteed by, the United States or agencies or  
76 instrumentalities of the United States. Except as  
77 may be provided herein or in any other public or  
78 special act, net earnings of investments of  
79 proceeds of bonds and such funds, and accrued  
80 interest and premiums on the issuance of such  
81 bonds shall, after payment of expenses incurred by  
82 the Treasurer or State Bond Commission in  
83 connection with their issuance, if any, be  
84 deposited to the credit of the General Fund.

85 Sec. 2. Section 3-20a of the general statutes  
86 is repealed and the following is substituted in  
87 lieu thereof:

88 (a) PROVISIONS OF THIS SECTION SHALL APPLY TO  
89 GENERAL OBLIGATION BONDS OR NOTES ISSUED PURSUANT  
90 TO SECTION 3-20, AS AMENDED, SPECIAL TAX  
91 OBLIGATION BONDS OR NOTES ISSUED PURSUANT TO  
92 SECTIONS 13b-74 TO 13b-77, INCLUSIVE, AS AMENDED  
93 BY THIS ACT, CLEAN WATER FUND BONDS OR NOTES  
94 ISSUED PURSUANT TO SECTION 22a-483, AS AMENDED BY  
95 SECTION 9 OF THIS ACT, BRADLEY INTERNATIONAL  
96 AIRPORT BONDS OR NOTES ISSUED PURSUANT TO SECTIONS  
97 15-101k TO 15-101p, INCLUSIVE, AS AMENDED BY THIS  
98 ACT, UNEMPLOYMENT COMPENSATION BONDS OR NOTES  
99 ISSUED PURSUANT TO SECTIONS 31-264a AND 31-264b,  
100 AS AMENDED BY THIS ACT, UCONN 2000 BONDS OR NOTES  
101 ISSUED PURSUANT TO SECTIONS 10a-109a TO 10a-109y,  
102 INCLUSIVE, AS AMENDED BY THIS ACT, AND SECOND  
103 INJURY FUND BONDS OR NOTES ISSUED PURSUANT TO  
104 SECTIONS 7 TO 9, INCLUSIVE, OF PUBLIC ACT 96-242,  
105 AS AMENDED BY THIS ACT.

106 (b) The STATE Treasurer may obtain from a  
107 commercial bank or insurance company authorized to  
108 do business within or without this state a letter  
109 of credit, line of credit or other LIQUIDITY  
110 FACILITY OR credit facility [upon such terms and  
111 conditions as shall be approved by the State Bond  
112 Commission,] for the purpose of providing funds  
113 for the payments in respect of bonds, notes or  
114 other obligations required by the holder thereof  
115 to be redeemed or repurchased prior to maturity or  
116 for providing additional security for such bonds,

117 notes or other obligations. In connection  
118 therewith, WITH THE AUTHORIZATION OF THE STATE  
119 BOND COMMISSION, the STATE Treasurer may  
120 [authorize the execution of] ENTER INTO  
121 reimbursement agreements, remarketing agreements,  
122 standby bond purchase agreements [, agreements for  
123 the purpose of moderating interest rate  
124 fluctuations] and any other necessary or  
125 appropriate agreements [. As part of the contract  
126 of the state with the other parties to any  
127 agreement entered into pursuant to this section,  
128 appropriation of all amounts necessary for the  
129 punctual payment of the obligations of the state  
130 under any such agreement is hereby made and the  
131 Treasurer shall pay such amounts as the same  
132 become due] ON BEHALF OF THE STATE. The State Bond  
133 Commission may, at its discretion, AUTHORIZE THE  
134 STATE TREASURER TO pledge the full faith and  
135 credit of the state, TO THE EXTENT THE FULL FAITH  
136 AND CREDIT OF THE STATE IS PLEDGED TO SECURE THE  
137 BONDS OR NOTES FOR WHICH THE LIQUIDITY OR CREDIT  
138 FACILITY IS OBTAINED, OR TO PLEDGE THE COLLATERAL  
139 THAT SECURES THE APPLICABLE BONDS OR NOTES, to the  
140 state's payment obligations under any agreement  
141 entered into pursuant to this section. AS PART OF  
142 THE CONTRACT OF THE STATE WITH THE OTHER PARTIES  
143 TO ANY AGREEMENT ENTERED INTO PURSUANT TO THIS  
144 SECTION FOR WHICH THE FULL FAITH AND CREDIT OF THE  
145 STATE IS PLEDGED TO THE STATE'S PAYMENT  
146 OBLIGATIONS UNDER SUCH AGREEMENT, APPROPRIATION OF  
147 ALL AMOUNTS NECESSARY FOR THE PUNCTUAL PAYMENT OF  
148 THE OBLIGATIONS OF THE STATE UNDER ANY SUCH  
149 AGREEMENT IS HEREBY MADE AND THE STATE TREASURER  
150 SHALL PAY SUCH AMOUNTS AS THE SAME BECOME DUE. THE  
151 INITIAL COSTS OF SUCH AGREEMENTS MAY BE PAID FROM  
152 THE ACCRUED INTEREST AND PREMIUM RECEIVED ON THE  
153 SALE OF SUCH BONDS.

154 (c) IN CONNECTION WITH OR INCIDENTAL TO THE  
155 CARRYING OF BONDS OR NOTES OR IN CONNECTION WITH  
156 OR INCIDENTAL TO THE SALE AND ISSUANCE OF BONDS OR  
157 NOTES, THE STATE TREASURER, WITH THE AUTHORIZATION  
158 OF THE STATE BOND COMMISSION, MAY ENTER INTO SUCH  
159 CONTRACTS AS THE STATE TREASURER MAY DETERMINE TO  
160 BE NECESSARY OR APPROPRIATE TO PLACE THE  
161 OBLIGATION OF THE STATE, AS REPRESENTED BY THE  
162 BONDS OR NOTES, IN WHOLE OR IN PART, ON SUCH  
163 INTEREST RATE OR CASH FLOW BASIS AS THE STATE  
164 TREASURER MAY DETERMINE, INCLUDING WITHOUT

165 LIMITATION, INTEREST RATE SWAP AGREEMENTS,  
166 INSURANCE AGREEMENTS, FORWARD PAYMENT CONVERSION  
167 AGREEMENTS, FUTURES CONTRACTS, CONTRACTS PROVIDING  
168 FOR PAYMENTS BASED ON LEVELS OF, OR CHANGES IN,  
169 INTEREST RATES OR MARKET INDICES, CONTRACTS TO  
170 MANAGE INTEREST RATE RISK, INCLUDING WITHOUT  
171 LIMITATION INTEREST RATE FLOORS OR CAPS, OPTIONS,  
172 PUTS, CALLS AND SIMILAR ARRANGEMENTS. SUCH  
173 CONTRACTS SHALL CONTAIN SUCH PAYMENT, SECURITY,  
174 DEFAULT, REMEDY AND OTHER TERMS AND CONDITIONS AS  
175 THE STATE TREASURER MAY DEEM APPROPRIATE AND SHALL  
176 BE ENTERED INTO WITH SUCH PARTY OR PARTIES AS THE  
177 STATE TREASURER MAY SELECT, AFTER GIVING DUE  
178 CONSIDERATION, WHERE APPLICABLE, FOR THE  
179 CREDITWORTHINESS OF THE COUNTER PARTY OR COUNTER  
180 PARTIES, INCLUDING ANY RATING BY A NATIONALLY  
181 RECOGNIZED RATING AGENCY, THE IMPACT ON ANY RATING  
182 ON OUTSTANDING BONDS OR NOTES OR ANY OTHER  
183 CRITERIA AS THE STATE TREASURER MAY DEEM  
184 APPROPRIATE, PROVIDED THE UNSECURED LONG-TERM  
185 OBLIGATIONS OF THE COUNTER PARTY IS RATED THE SAME  
186 OR HIGHER THAN THE UNDERLYING RATING OF THE STATE  
187 ON THE APPLICABLE BONDS OR NOTES BY AT LEAST ONE  
188 NATIONALLY RECOGNIZED RATING AGENCY. THE STATE  
189 BOND COMMISSION MAY, AT ITS DISCRETION, AUTHORIZE  
190 THE STATE TREASURER TO PLEDGE THE FULL FAITH AND  
191 CREDIT OF THE STATE, TO THE EXTENT THE FULL FAITH  
192 AND CREDIT OF THE STATE IS PLEDGED TO SECURE THE  
193 APPLICABLE BONDS OR NOTES, OR TO PLEDGE ALL OF ANY  
194 PART OF THE COLLATERAL THAT SECURES THE APPLICABLE  
195 BONDS OR NOTES, TO THE STATE'S PAYMENT OBLIGATIONS  
196 UNDER ANY CONTRACT ENTERED INTO PURSUANT TO THIS  
197 SECTION. AS PART OF THE CONTRACT OF THE STATE WITH  
198 THE OTHER PARTIES TO ANY AGREEMENT ENTERED INTO  
199 PURSUANT TO THIS SECTION FOR WHICH THE FULL FAITH  
200 AND CREDIT OF THE STATE IS PLEDGED TO THE STATE'S  
201 PAYMENT OBLIGATIONS UNDER SUCH AGREEMENT,  
202 APPROPRIATION OF ALL AMOUNTS NECESSARY FOR THE  
203 PUNCTUAL PAYMENT OF THE OBLIGATIONS OF THE STATE  
204 UNDER ANY SUCH AGREEMENT IS HEREBY MADE AND THE  
205 STATE TREASURER SHALL PAY SUCH AMOUNTS AS THE SAME  
206 BECOME DUE. THE INITIAL COSTS OF SUCH CONTRACTS  
207 MAY BE PAID FROM THE ACCRUED INTEREST AND PREMIUM  
208 RECEIVED ON THE SALE OF SUCH BONDS.

209 Sec. 3. Section 3-20c of the general statutes  
210 is repealed and the following is substituted in  
211 lieu thereof:

212 The provisions of section 4-89 shall not  
213 apply to any appropriations for debt service on  
214 bonds, notes or other obligations of the state not  
215 expended during the fiscal year used to fund an  
216 account established to moderate the effect of  
217 interest rate fluctuations on variable rate debt  
218 of the state issued under section 3-20, AS  
219 AMENDED, OR TO PLACE THE OBLIGATION OF THE STATE,  
220 AS REPRESENTED BY ANY BONDS OR NOTES, ON AN  
221 INTEREST RATE OR CASH FLOW BASIS AS PROVIDED BY  
222 SUBSECTION (c) OF SECTION 3-20a, AS AMENDED BY  
223 SECTION 2 OF THIS ACT. Such appropriations shall  
224 not lapse except pursuant to the provisions of any  
225 trust instrument OR OTHER AGREEMENT established in  
226 connection with [the issuance of] such variable  
227 rate debt, OR SUCH DIFFERENT INTEREST RATE OR CASH  
228 FLOW BASIS.

229 Sec. 4. Section 3-21 of the general statutes  
230 is repealed and the following is substituted in  
231 lieu thereof:

232 (a) No bonds, notes or other evidences of  
233 indebtedness for borrowed money payable from  
234 general fund tax receipts of the state shall be  
235 authorized by the General Assembly OR ISSUED  
236 except such as shall not cause the aggregate  
237 amount of (1) the total amount of bonds, notes or  
238 other evidences of indebtedness payable from  
239 General Fund tax receipts authorized by the  
240 General Assembly but which have not been issued  
241 and (2) the total amount of such indebtedness  
242 which has been issued and remains outstanding to  
243 exceed one and six-tenths times the total General  
244 Fund tax receipts of the state for the fiscal year  
245 in which any such authorization will become  
246 effective OR IN WHICH SUCH INDEBTEDNESS IS ISSUED,  
247 as estimated for such fiscal year by the joint  
248 standing committee of the General Assembly having  
249 cognizance of finance, revenue and bonding in  
250 accordance with section 2-35. In computing such  
251 aggregate amount of indebtedness at any time,  
252 there shall be excluded or deducted, as the case  
253 may be, (1) the principal amount of all such  
254 obligations as may be certified by the Treasurer  
255 (A) as issued in anticipation of revenues to be  
256 received by the state during the period of twelve  
257 calendar months next following their issuance and  
258 to be paid by application of such revenue, or (B)  
259 as [issued to refund or replace any such

260 indebtedness then existing and outstanding in an  
261 amount not exceeding such existing indebtedness]  
262 HAVING BEEN REFUNDED OR REPLACED BY OTHER  
263 INDEBTEDNESS THE PROCEEDS AND PROJECTED EARNINGS  
264 ON WHICH OR OTHER FUNDS ARE HELD IN ESCROW TO PAY  
265 AND ARE SUFFICIENT TO PAY THE PRINCIPAL, INTEREST  
266 AND ANY REDEMPTION PREMIUM UNTIL MATURITY OR  
267 EARLIER PLANNED REDEMPTION OF SUCH INDEBTEDNESS,  
268 or (C) as issued and outstanding in anticipation  
269 of particular bonds then unissued but fully  
270 authorized to be issued in the manner provided by  
271 law for such authorization, provided, so long as  
272 any of said obligations are outstanding, the  
273 entire principal amount of such particular bonds  
274 thus authorized shall be deemed to be outstanding  
275 and be included in such aggregate amount of  
276 indebtedness, or (D) as payable solely from  
277 revenues of particular public improvements, (2)  
278 the amount which may be certified by the Treasurer  
279 as the aggregate value of cash and securities in  
280 debt retirement funds of the state to be used to  
281 meet principal of outstanding obligations included  
282 in such aggregate amount of indebtedness, (3)  
283 every such amount as may be certified by the  
284 Secretary of the Office of Policy and Management  
285 as the estimated payments on account of the costs  
286 of any public work or improvement thereafter to be  
287 received by the state from the United States or  
288 agencies thereof and to be used, in conformity  
289 with applicable federal law, to meet principal of  
290 obligations included in such aggregate amount of  
291 indebtedness, [and] (4) all authorized and issued  
292 indebtedness to fund any budget deficits of the  
293 state for any fiscal year ending on or before June  
294 30, 1991, [and] (5) all authorized indebtedness to  
295 fund the program created pursuant to section  
296 32-285, AND (6) ANY INDEBTEDNESS REPRESENTED BY  
297 ANY AGREEMENT ENTERED INTO PURSUANT TO SUBSECTION  
298 (b) OR (c) OF SECTION 3-20a, AS AMENDED BY SECTION  
299 2 OF THIS ACT, AS CERTIFIED BY THE TREASURER,  
300 PROVIDED THE INDEBTEDNESS IN CONNECTION WITH WHICH  
301 SUCH AGREEMENTS WERE ENTERED INTO SHALL BE  
302 INCLUDED IN SUCH AGGREGATE AMOUNT OF INDEBTEDNESS.  
303 In computing the amount of outstanding  
304 indebtedness, only the accreted value of any  
305 capital appreciation obligation or any zero coupon  
306 obligation which has accreted and been added to

307 the stated initial value of such obligation as of  
308 the date of any computation shall be included.

309 (b) The foregoing limitation on the aggregate  
310 amount of indebtedness of the state shall not  
311 prevent the issuance of (1) obligations to refund  
312 or replace any such indebtedness existing at any  
313 time in an amount not exceeding such existing  
314 indebtedness, or (2) obligations in anticipation  
315 of revenues to be received by the state during the  
316 period of twelve calendar months next following  
317 their issuance, or (3) obligations payable solely  
318 from revenues of particular public improvements.

319 (c) For the purposes of this section, but  
320 subject to the exclusions or deductions herein  
321 provided for, the state shall be deemed to be  
322 indebted upon, and to issue, all bonds and notes  
323 issued or guaranteed by it and payable from  
324 General Fund tax receipts. To the extent necessary  
325 because of the debt limitation herein provided,  
326 priorities with respect to the issuance or  
327 guaranteeing of bonds or notes by the state shall  
328 be determined by the State Bond Commission.

329 (d) The General Assembly shall not approve  
330 any bill which authorizes the issuance of any  
331 bonds, notes or other evidences of indebtedness  
332 unless such bill has attached to it a  
333 certification by the Treasurer that the amount of  
334 authorizations within the bill will not cause the  
335 total amount of indebtedness calculated in  
336 accordance with this section to exceed the limit  
337 for indebtedness set forth in this section.

338 (e) The State Bond Commission shall not adopt  
339 any resolution which authorizes the issuance of  
340 any bonds, notes or other evidences of  
341 indebtedness unless such resolution has attached  
342 to it a certification by the Treasurer that the  
343 amount of such authorization will not cause the  
344 total amount of indebtedness calculated in  
345 accordance with this section to exceed the limit  
346 for indebtedness set forth in this section.

347 (f) The provisions of this section shall not  
348 apply to any bonds, notes or other evidences of  
349 indebtedness for borrowed money which are issued  
350 for the purpose of: (1) Meeting cash flow needs;  
351 or (2) covering emergency needs in times of  
352 natural disaster.

353 Sec. 5. Section 3-21a of the general statutes



354 is repealed and the following is substituted in  
355 lieu thereof:

356 The Superior Court shall have jurisdiction to  
357 enter judgment against the state founded (1) upon  
358 any express contract between the state and the  
359 purchasers and subsequent owners and transferees  
360 of bonds and notes issued or contracted to be  
361 issued by the state, [or] (2) between the state  
362 and any other parties to any agreement entered  
363 into PRIOR TO THE EFFECTIVE DATE OF THIS ACT  
364 pursuant to section 3-20a, AS AMENDED BY SECTION 2  
365 OF THIS ACT, section 31-264b, AS AMENDED BY  
366 SECTION 10 OF THIS ACT, or any agreement entered  
367 into in connection with special tax obligation  
368 bonds or notes issued under chapter 243, OR (3)  
369 UPON ANY AGREEMENT ENTERED INTO PURSUANT TO SAID  
370 SECTION 3-20a. Any action brought under this  
371 section shall be brought in the superior court for  
372 the judicial district of Hartford-New Britain\*.  
373 The jurisdiction conferred upon the Superior Court  
374 by this section includes any set-off, claim or  
375 demand whatever on the part of the state against  
376 any plaintiff commencing an action under this  
377 section. Such action shall be tried to the court  
378 without a jury. All legal defenses except  
379 governmental immunity shall be reserved to the  
380 state. Any action brought under this section shall  
381 be privileged in respect to assignment for trial  
382 upon motion of either party.

383 Sec. 6. Subsection (d) of section 10a-109g of  
384 the general statutes is repealed and the following  
385 is substituted in lieu thereof:

386 (d) The resolution or indenture pursuant to  
387 which securities are issued shall provide for the  
388 dates of the securities, the maturity dates, which  
389 in the case of securities issued to finance  
390 equipment and collections, shall not exceed five  
391 years and, in the case of securities issued for  
392 any other purpose shall not exceed thirty years  
393 from their dated dates, the special debt service  
394 requirements and dates thereof, the rate or rates  
395 of interest or the manner of varying or  
396 determining such rate or rates, the cash flow  
397 requirements to cover the cost of UConn 2000 or  
398 components thereof to be funded from the proceeds  
399 of such securities, and by whom, on behalf of the  
400 university, such securities shall be delivered,  
401 signed or countersigned, and by whom, on behalf of

402 the university, disbursements and investments may  
403 be made and all other particulars thereof and may  
404 contain for the benefit of holders, from time to  
405 time and as a contract therewith, any agreements  
406 and the provisions deemed necessary or appropriate  
407 by the university in connection with the issuance  
408 of such securities and may provide for the terms  
409 and security thereof, including, without  
410 limitation, (1) terms and pledges respecting  
411 assured revenues or project revenues and  
412 respecting the fixing and collection of other  
413 revenues of the university or from any project  
414 covered by such resolution or indenture  
415 provisions, if any; (2) provisions respecting  
416 custody of the proceeds from the sale of such  
417 securities; (3) provisions for the investment and  
418 reinvestment of proceeds of the securities until  
419 used to pay costs of a project and for the  
420 disposition of any excess proceeds of the  
421 securities or investment earnings thereon; (4)  
422 provisions for the execution of reimbursement  
423 agreements or similar agreements in connection  
424 with credit facilities, including, but not limited  
425 to, letters of credit or policies of bond  
426 insurance, remarketing agreements and, subject to  
427 the approval of the State Treasurer under section  
428 10a-109j, agreements for the purpose of moderating  
429 interest rate fluctuations, AND OF SUCH OTHER  
430 AGREEMENTS ENTERED INTO PURSUANT TO SECTION 3-20a,  
431 AS AMENDED BY SECTION 2 OF THIS ACT; (5)  
432 provisions for the collection, custody,  
433 investment, reinvestment and use of revenues or  
434 other receipts, funds or moneys pledged therefor;  
435 (6) provisions regarding the establishment and  
436 maintenance of reserves, sinking funds and any  
437 other funds and accounts as shall be approved by  
438 the university in such amounts as the university  
439 may establish and the requirements, investments  
440 and application thereof; (7) covenants for the  
441 establishment of pledged revenue coverage  
442 requirements for such securities; (8) covenants  
443 for the establishment of maintenance and insurance  
444 requirements with respect to a project or  
445 projects; (9) provision for the issuance of  
446 additional securities on a parity with securities  
447 theretofore issued, including establishment of  
448 coverage requirements with respect thereto; (10)  
449 the terms to be incorporated in any loan of the

450 proceeds of such securities, and in any lease of a  
451 project or projects; (11) the creation and  
452 maintenance of special funds from the revenues of  
453 a project or projects; (12) the rights and  
454 remedies available to the holder or holders of  
455 securities in the event of default, the vesting in  
456 a trustee or trustees of such property, rights,  
457 powers and duties in trust as the university may  
458 determine, which may include any or all of the  
459 rights, powers and duties of any trustee appointed  
460 by the holders of any securities and limiting or  
461 abrogating the right of the holders of any  
462 securities of the university to appoint a trustee  
463 under sections 10a-109a to 10a-109y, inclusive, AS  
464 AMENDED BY THIS ACT, or limiting the rights,  
465 powers and duties of such trustee; (13) provision  
466 for a trust indenture by and between the  
467 university and a corporate trustee which may be  
468 any trust company or bank having the powers of a  
469 trust company within or without the state, which  
470 agreement may provide for the pledging or  
471 assigning of any revenues, assets or income from  
472 assets to which or in which the university has any  
473 rights or interest, and may further provide for  
474 such other rights and remedies exercisable by the  
475 trustee as may be proper for the protection of the  
476 holders of any securities and not otherwise in  
477 violation of law, and such agreement may provide  
478 for the restriction of the rights of any  
479 individual holder of securities of the university  
480 and may contain any further provisions which are  
481 reasonable to delineate further the respective  
482 rights, duties, safeguards, responsibilities and  
483 liabilities of the university, persons and  
484 collective holders of securities of the university  
485 and the trustee; (14) covenants to do or refrain  
486 from doing such acts and things as may be  
487 necessary or convenient or desirable in order to  
488 better secure any securities of the university or  
489 to maintain the federal or state tax exemption  
490 thereon, or which, in the discretion of the  
491 university, will tend to make any securities to be  
492 issued more marketable notwithstanding that such  
493 covenants, acts or things may not be enumerated  
494 above; (15) and any other matters of like or  
495 different character, which in any way affect the  
496 security or protection of the securities of the  
497 university, all as the university shall deem

498 advisable and not in conflict with the provisions  
499 of sections 10a-109a to 10a-109y, inclusive, AS  
500 AMENDED BY THIS ACT.

501 Sec. 7. Subsection (e) of section 13b-76 of  
502 the general statutes is repealed and the following  
503 is substituted in lieu thereof:

504 (e) The proceedings under which bonds are  
505 authorized to be issued may, subject to the  
506 provisions of the general statutes, contain any or  
507 all of the following: (1) Provisions respecting  
508 custody of the proceeds from the sale of the bonds  
509 and any bond anticipation notes, including any  
510 requirements that such proceeds be held separate  
511 from or not be commingled with other funds of the  
512 state; (2) provisions for the investment and  
513 reinvestment of bond proceeds until used to pay  
514 transportation costs and for the disposition of  
515 any excess bond proceeds or investment earnings  
516 thereon; (3) provisions for the execution of  
517 reimbursement agreements or similar agreements in  
518 connection with credit facilities including but  
519 not limited to, letters of credit or policies of  
520 bond insurance, remarketing agreements and  
521 agreements for the purpose of moderating interest  
522 rate fluctuations, AND OF SUCH OTHER AGREEMENTS  
523 ENTERED INTO PURSUANT TO SECTION 3-20a, AS AMENDED  
524 BY SECTION 2 OF THIS ACT; (4) provisions for the  
525 collection, custody, investment, reinvestment and  
526 use of the pledged revenues or other receipts,  
527 funds or moneys pledged therefor as provided in  
528 sections 3-21a, AS AMENDED BY SECTION 5 OF THIS  
529 ACT, 3-27a, 3-27f, 12-458, AS AMENDED, and  
530 12-458d, subsection (c) of section 13a-80a,  
531 sections 13a-175p to 13a-175u, inclusive,  
532 subsection (f) of section 13b-42, sections 13b-59,  
533 AS AMENDED, 13b-61, AS AMENDED, 13b-69, AS  
534 AMENDED, 13b-71, 13b-74 to 13b-77, inclusive, AS  
535 AMENDED BY THIS ACT, 13b-80, subsection (a) of  
536 section 13b-97, AS AMENDED, subsection (a) of  
537 section 14-12, sections 14-15, 14-16a, AS AMENDED,  
538 and 14-21c, subsection (a) of section 14-25a,  
539 section 14-28, subsection (b) of section 14-35,  
540 subsection (b) of section 14-41, section 14-41a,  
541 subsection (a) of section 14-44, sections 14-47,  
542 14-48b, 14-49, AS AMENDED, and 14-50, AS AMENDED,  
543 subsection (a) of section 14-50a, AS AMENDED,  
544 sections 14-52, 14-53 and 14-58, subsection (c) of  
545 section 14-66, AS AMENDED, subsection (e) of

546 section 14-67, sections 14-67a, 14-67d, 14-67l and  
547 14-69, subsection (e) of section 14-73, subsection  
548 (c) of section 14-96q, sections 14-103a and  
549 14-160, subsection (a) of section 14-164a,  
550 subsection (a) of section 14-192, sections 14-319,  
551 14-320 and 14-381, subsection (b) of section  
552 14-382 and sections 14-383, 15-14 and 16-299; (5)  
553 provisions regarding the establishment and  
554 maintenance of reserves, sinking funds and any  
555 other funds and accounts as shall be approved by  
556 the State Bond Commission in such amounts as may  
557 be established by the State Bond Commission, and  
558 the regulation and disposition thereof, including  
559 requirements that any such funds and accounts be  
560 held separate from or not be commingled with other  
561 funds of the state; (6) covenants for the  
562 establishment of pledged revenue coverage  
563 requirements for the bonds and bond anticipation  
564 notes, provided, that no such covenant shall  
565 obligate the state to provide coverage in any year  
566 with respect to any bonds or bond anticipation  
567 notes in excess of four times the aggregate debt  
568 service on bonds and bond anticipation notes, as  
569 described in subparagraph (A) of subdivision (3)  
570 of section 13b-75, during such year; (7) covenants  
571 for the establishment of maintenance requirements  
572 with respect to state transportation facilities  
573 and properties; (8) provisions for the issuance of  
574 additional bonds on a parity with bonds  
575 theretofore issued, including establishment of  
576 coverage requirements with respect thereto as  
577 herein provided; (9) provisions regarding the  
578 rights and remedies available in case of a default  
579 to the bondowners, noteowners or any trustee under  
580 any contract, loan agreement, document, instrument  
581 or trust indenture, including the right to appoint  
582 a trustee to represent their interests upon  
583 occurrence of an event of default, as defined in  
584 said proceedings, provided that if any bonds or  
585 bond anticipation notes shall be secured by a  
586 trust indenture, the respective owners of such  
587 bonds or notes shall have no authority except as  
588 set forth in such trust indenture to appoint a  
589 separate trustee to represent them and (10)  
590 provisions or covenants of like or different  
591 character from the foregoing which are consistent  
592 with sections 3-21a, AS AMENDED BY SECTION 5 OF  
593 THIS ACT, 3-27a, 3-27f, 12-458, AS AMENDED, and

594 12-458d, subsection (c) of section 13a-80a,  
595 sections 13a-175p to 13a-175u, inclusive,  
596 subsection (f) of section 13b-42, sections 13b-59,  
597 AS AMENDED, 13b-61, AS AMENDED, 13b-69, AS  
598 AMENDED, 13b-71, 13b-74 to 13b-77, inclusive, AS  
599 AMENDED BY THIS ACT, 13b-80, subsection (a) of  
600 section 13b-97, AS AMENDED, subsection (a) of  
601 section 14-12, sections 14-15, 14-16a, AS AMENDED,  
602 and 14-21c, subsection (a) of section 14-25a,  
603 section 14-28, subsection (b) of section 14-35,  
604 subsection (b) of section 14-41, section 14-41a,  
605 subsection (a) of section 14-44, sections 14-47,  
606 14-48b, 14-49, AS AMENDED, and 14-50, AS AMENDED,  
607 subsection (a) of section 14-50a, AS AMENDED,  
608 sections 14-52, 14-53 and 14-58, subsection (c) of  
609 section 14-66, AS AMENDED, subsection (e) of  
610 section 14-67, sections 14-67a, 14-67d, 14-67l and  
611 14-69, subsection (e) of section 14-73, subsection  
612 (c) of section 14-96q, sections 14-103a and  
613 14-160, subsection (a) of section 14-164a,  
614 subsection (a) of section 14-192, sections 14-319,  
615 14-320 and 14-381, subsection (b) of section  
616 14-382 and sections 14-383, 15-14 and 16-299 and  
617 which the State Bond Commission determines in such  
618 proceedings are necessary, convenient or desirable  
619 in order to better secure the bonds or bond  
620 anticipation notes, or will tend to make the bonds  
621 or bond anticipation notes more marketable, and  
622 which are in the best interests of the state. Any  
623 provision which may be included in proceedings  
624 authorizing the issuance of bonds hereunder may be  
625 included in an indenture of trust duly approved in  
626 accordance with subsection (g) of this section  
627 which secures the bonds and any notes issued in  
628 anticipation thereof, and in such case the  
629 provisions of such indenture shall be deemed to be  
630 a part of such proceedings as though they were  
631 expressly included therein.

632 Sec. 8. Subsection (f) of section 15-1011 of  
633 the general statutes is repealed and the following  
634 is substituted in lieu thereof:

635 (f) The proceedings under which the bonds are  
636 authorized to be issued pursuant to subsection (a)  
637 of this section, and any mortgage given to secure  
638 the same, may, subject to the provisions of the  
639 general statutes, contain any agreements and  
640 provisions customarily contained in instruments  
641 securing bonds, including, but not limited to: (1)

642 Provisions respecting custody of the proceeds from  
643 the sale of the bonds, including their investment  
644 and reinvestment until used for the cost of the  
645 project; (2) provisions respecting the fixing and  
646 collection of rents or payments with respect to  
647 the facilities of Bradley International Airport;  
648 (3) the terms to be incorporated in the lease,  
649 sale contract or loan agreement with respect to  
650 the project; (4) the maintenance and insurance of  
651 the project; (5) the creation, maintenance,  
652 custody, investment and reinvestment and use of  
653 the revenues derived from the operation of Bradley  
654 International Airport; (6) establishment of  
655 reserves or sinking funds, and such accounts  
656 thereunder as may be established by the State Bond  
657 Commission, and the regulation and disposition  
658 thereof; (7) the rights and remedies available in  
659 case of a default to the bondholders or to any  
660 trustee under any lease, sale contract, loan  
661 agreement, mortgage or trust indenture; (8)  
662 reimbursement agreements or similar agreements in  
663 connection with credit facilities including, but  
664 not limited to, letters of credit or policies of  
665 bond insurance, remarketing agreements and  
666 agreements for the purpose of moderating interest  
667 rate fluctuations, AND OF SUCH OTHER AGREEMENTS  
668 ENTERED INTO PURSUANT TO SECTION 3-20a, AS AMENDED  
669 BY SECTION 2 OF THIS ACT; (9) provisions for the  
670 issuance of additional bonds on a parity with  
671 bonds theretofore issued, including establishment  
672 of coverage requirements with respect thereto; and  
673 (10) provisions or covenants of like or different  
674 character from the foregoing which are consistent  
675 with the provisions of this chapter and which the  
676 State Bond Commission determines in such  
677 proceedings are necessary, convenient or desirable  
678 in order to better secure the bonds or bond  
679 anticipation notes, or will tend to make the bonds  
680 or bond anticipation notes more marketable, and  
681 which are in the best interests of the state. The  
682 proceedings under which the bonds are authorized,  
683 and any mortgage given to secure the same, may  
684 further provide that any cash balances not  
685 necessary [(i)] (A) to pay the cost of  
686 maintaining, repairing and operating the  
687 facilities of Bradley International Airport,  
688 [(ii)] (B) to pay the principal of and interest on  
689 the bonds as the same shall become due and

690 payable, and [(iii)] (C) to create and maintain  
691 reserve and sinking funds as provided in any  
692 authorizing resolution, shall be deposited into  
693 the General Fund of the state at designated  
694 intervals, or be deposited in a Bradley  
695 International Airport working fund to be held in  
696 trust by the treasurer and applied to future debt  
697 service requirements.

698 Sec. 9. Subsection (i) of section 22a-483 of  
699 the general statutes is repealed and the following  
700 is substituted in lieu thereof:

701 (i) The proceedings under which bonds are  
702 authorized to be issued may, subject to the  
703 provisions of the general statutes, contain any or  
704 all of the following: (1) Provisions respecting  
705 custody of the proceeds from the sale of the bonds  
706 and any bond anticipation notes, including any  
707 requirements that such proceeds be held separate  
708 from or not be commingled with other funds of the  
709 state; (2) provisions for the investment and  
710 reinvestment of bond proceeds utilized to pay  
711 project costs and for the disposition of any  
712 excess bond proceeds or investment earnings  
713 thereon; (3) provisions for the execution of  
714 reimbursement agreements or similar agreements in  
715 connection with credit facilities, including, but  
716 not limited to, letters of credit or policies of  
717 bond insurance, remarketing agreements and  
718 agreements for the purpose of moderating interest  
719 rate fluctuations, AND OF SUCH OTHER AGREEMENTS  
720 ENTERED INTO PURSUANT TO SECTION 3-20a, AS AMENDED  
721 BY SECTION 2 OF THIS ACT; (4) provisions for the  
722 collection, custody, investment, reinvestment and  
723 use of the pledged revenues or other receipts,  
724 funds or moneys pledged therefor as provided in  
725 sections 22a-475 to 22a-483, inclusive, AS AMENDED  
726 BY THIS ACT; (5) provisions regarding the  
727 establishment and maintenance of reserves, sinking  
728 funds and any other funds and accounts as shall be  
729 approved by the State Bond Commission in such  
730 amounts as may be established by the State Bond  
731 Commission, and the regulation and disposition  
732 thereof, or the establishment of a reserve fund of  
733 the state into which may be deposited any moneys  
734 appropriated and made available by the state for  
735 such fund, any proceeds of the sale of bonds or  
736 notes, to the extent provided in the resolution of  
737 the state authorizing the issuance thereof, and



738 any other moneys which may be made available to  
739 the state for the purpose of such fund from any  
740 source whatever and, in lieu of the deposit of any  
741 such moneys, evidence by the state of the  
742 satisfaction of a federal matching requirement on  
743 the part of the state pursuant to the federal  
744 Water Quality Act of 1987 or the federal Safe  
745 Drinking Water Act or other related federal act,  
746 as applicable, including requirements that any  
747 such funds and accounts be held separate from or  
748 not be commingled with other funds of the state;  
749 (6) covenants for the establishment of pledged  
750 revenue coverage requirements for the bonds and  
751 state bond anticipation notes; (7) provisions for  
752 the issuance of additional bonds on a parity with  
753 bonds theretofore issued, including establishment  
754 of coverage requirements with respect thereto as  
755 herein provided; (8) provisions regarding the  
756 rights and remedies available in case of a default  
757 to bondowners, noteowners or any trustee under any  
758 contract, loan agreement, document, instrument or  
759 trust indenture, including the right to appoint a  
760 trustee to represent their interests upon  
761 occurrence of an event of default, as defined in  
762 said proceedings, provided that if any bonds or  
763 state bond anticipation notes shall be secured by  
764 a trust indenture, the respective owners of such  
765 bonds or notes shall have no authority except as  
766 set forth in such trust indenture to appoint a  
767 separate trustee to represent them; (9) provisions  
768 for the payment of rebate amounts; and (10)  
769 provisions or covenants of like or different  
770 character from the foregoing which are consistent  
771 with sections 22a-475 to 22a-483, inclusive, AS  
772 AMENDED BY THIS ACT, and which the State Bond  
773 Commission determines in such proceedings are  
774 necessary, convenient or desirable in order to  
775 better secure the bonds or state bond anticipation  
776 notes, or will tend to make the bonds or state  
777 bond anticipation notes more marketable, and which  
778 are in the best interests of the state. Any  
779 provision which may be included in proceedings  
780 authorizing the issuance of bonds hereunder may be  
781 included in an indenture of trust duly approved in  
782 accordance with sections 22a-475 to 22a-483,  
783 inclusive, AS AMENDED BY THIS ACT, which secures  
784 the bonds and any notes issued in anticipation  
785 thereof, and in such case the provisions of such

786 indenture shall be deemed to be a part of such  
787 proceedings as though they were expressly included  
788 therein.

789 Sec. 10. Subsection (f) of section 31-264b of  
790 the general statutes is repealed and the following  
791 is substituted in lieu thereof:

792 (f) The proceedings under which bonds are  
793 authorized to be issued may contain any or all of  
794 the following: (1) Provisions respecting custody  
795 of the proceeds from the sale of the bonds,  
796 including any requirement that the proceeds be  
797 deposited in the unemployment compensation advance  
798 fund and held separate from, or not be commingled  
799 with, other funds of the state; (2) provisions for  
800 the investment and reinvestment of bond proceeds  
801 and after the disposition of any excess bond  
802 proceeds or investment earnings thereon; (3)  
803 provisions for the execution of reimbursement  
804 agreements or similar agreements in connection  
805 with credit facilities, including, but not  
806 necessarily limited to, letters of credit or  
807 policies of bond insurance, remarketing agreements  
808 and agreements for the purpose of moderating  
809 interest rate fluctuations, AND OF SUCH OTHER  
810 AGREEMENTS ENTERED INTO PURSUANT TO SECTION 3-20a,  
811 AS AMENDED BY SECTION 2 OF THIS ACT; (4)  
812 provisions for the collection, custody,  
813 investment, reinvestment and use of the pledged  
814 revenues or other receipts, funds or moneys  
815 pledged therefor as provided in this section and  
816 sections 3-21a, AS AMENDED BY SECTION 5 OF THIS  
817 ACT, 31-222, 31-225a, 31-231a, 31-232b, 31-232d,  
818 31-232f, 31-236, 31-250a, 31-259, 31-263, 31-264a  
819 and 31-274j; (5) provisions regarding the  
820 establishment and maintenance of reserves, sinking  
821 funds and any other funds and accounts of the  
822 unemployment compensation advance fund pursuant to  
823 said sections and in the amounts and on the terms  
824 approved by the State Bond Commission in the  
825 amounts established by the State Bond Commission;  
826 (6) covenants for the establishment of pledged  
827 revenue coverage requirements for the bonds; (7)  
828 provisions for the issuance of additional bonds on  
829 a parity with bonds theretofore issued, including  
830 establishment of coverage requirements with  
831 respect thereto as herein provided; (8) provisions  
832 regarding the rights and remedies available in  
833 case of a default to bondowners, noteowners or any

834 trustee under any contract, loan agreement,  
835 document, instrument or trust indenture, including  
836 the right to appoint a trustee to represent their  
837 interests upon occurrence of an event of default,  
838 as defined in said proceedings, provided if any  
839 revenue bonds are secured by a trust indenture,  
840 the respective owners of the bonds shall have no  
841 authority, except as set forth in the trust  
842 indenture, to appoint a separate trustee to  
843 represent them; (9) provisions for the payment of  
844 rebate amounts; and (10) provisions of covenants  
845 of like or different character from the foregoing  
846 which are consistent with this section and  
847 sections 3-21a, AS AMENDED BY SECTION 5 OF THIS  
848 ACT, 31-222, 31-225a, 31-231a, 31-232b, 31-232d,  
849 31-232f, 31-236, 31-250a, 31-259, 31-263, 31-264a  
850 and 31-274j, and which the State Bond Commission  
851 determines in such proceedings are necessary,  
852 convenient or desirable in order to better secure  
853 the revenue bonds, or will tend to make the  
854 revenue bonds more marketable, and which are in  
855 the best interests of the state. Any provision  
856 which may be included in proceedings authorizing  
857 the issuance of bonds hereunder may be included in  
858 an indenture of trust duly approved in accordance  
859 with said sections, which secures the revenue  
860 bonds issued in anticipation thereof, and in such  
861 case the provision of the indenture shall be  
862 deemed to be a part of the proceedings as though  
863 they were expressly included therein.

864 Sec. 11. Subsection (f) of section 8 of  
865 public act 96-242 is repealed and the following is  
866 substituted in lieu thereof:

867 (f) The proceedings under which bonds are  
868 authorized to be issued may contain any or all of  
869 the following: (1) Provisions respecting custody  
870 of the proceeds from the sale of the bonds; (2)  
871 provisions for the investment and reinvestment of  
872 bond proceeds and after the disposition of any  
873 excess bond proceeds or investment earnings  
874 thereon; (3) provisions for the execution of  
875 reimbursement agreements or similar agreements in  
876 connection with credit facilities, including, but  
877 not necessarily limited to, letters of credit or  
878 policies of bond insurance, remarketing agreements  
879 and agreements for the purpose of moderating  
880 interest rate fluctuations, AND OF SUCH OTHER  
881 AGREEMENTS ENTERED INTO PURSUANT TO SECTION 3-20a,

882 AS AMENDED BY SECTION 2 OF THIS ACT; (4)  
883 provisions regarding the establishment and  
884 maintenance of reserves and sinking funds in the  
885 amounts and on the terms approved by the State  
886 Bond Commission; (5) covenants for the  
887 establishment of pledged revenue coverage  
888 requirements for the bonds; (6) provisions for the  
889 issuance of additional bonds on a parity with  
890 bonds theretofore issued, including establishment  
891 of coverage requirements with respect thereto as  
892 provided in this section; (7) provisions regarding  
893 the rights and remedies available in case of a  
894 default to bondowners, noteowners or any trustee  
895 under any contract, loan agreement, document,  
896 instrument or trust indenture, including the right  
897 to appoint a trustee to represent their interests  
898 upon occurrence of an event of default, as defined  
899 in said proceedings, provided if any revenue bonds  
900 are secured by a trust indenture, the respective  
901 owners of the bonds shall have no authority,  
902 except as set forth in the trust indenture, to  
903 appoint a separate trustee to represent them; (8)  
904 provisions for the payment of rebate amounts; and  
905 (9) provisions of covenants of like or different  
906 character from subdivisions (1) to (8), inclusive,  
907 of this subsection which are consistent with this  
908 section and section 3-21a, AS AMENDED BY SECTION 5  
909 OF THIS ACT, and which the State Bond Commission  
910 determines in such proceedings are necessary,  
911 convenient or desirable in order to better secure  
912 the revenue bonds, or will tend to make the  
913 revenue bonds more marketable, and which are in  
914 the best interests of the state. Any provision  
915 which may be included in proceedings authorizing  
916 the issuance of bonds under this section may be  
917 included in an indenture of trust duly approved in  
918 accordance with said section, which secures the  
919 revenue bonds issued in anticipation thereof, and  
920 in such case the provision of the indenture shall  
921 be deemed to be a part of the proceedings as  
922 though they were expressly included therein.  
923 Sec. 12. This act shall take effect from its  
924 passage.

925 FIN COMMITTEE VOTE: YEA 43 NAY 0 JF

\* \* \* \* \*

"THE FOLLOWING FISCAL IMPACT STATEMENT AND BILL ANALYSIS ARE PREPARED FOR THE BENEFIT OF MEMBERS OF THE GENERAL ASSEMBLY, SOLELY FOR PURPOSES OF INFORMATION, SUMMARIZATION AND EXPLANATION AND DO NOT REPRESENT THE INTENT OF THE GENERAL ASSEMBLY OR EITHER HOUSE THEREOF FOR ANY PURPOSE."

\* \* \* \* \*

**FISCAL IMPACT STATEMENT - BILL NUMBER HB 5658**

STATE IMPACT                      See Explanation Below  
MUNICIPAL IMPACT                See Explanation Below  
STATE AGENCY(S)                Office of the State Treasurer

**EXPLANATION OF ESTIMATES:**

STATE AND MUNICIPAL IMPACT: Permitting the Office of the State Treasurer to enter into interest rate swap agreements results in potential savings to the State for debt service, but the amount cannot be estimated because interest rates cannot be predicted.

Expanding the investment options for bond proceeds to include bonds issued by local jurisdictions will result in the potential for improved earnings for the State Pension Funds, for the State and municipalities that invest in the Funds.

Making a technical correction to the calculation of the State's debt limit has no fiscal impact.

\* \* \* \* \*

**OFA BILL ANALYSIS**

HB 5658

**AN ACT CONCERNING INTEREST RATE RISK MANAGEMENT AGREEMENTS IN CONNECTION WITH STATE BONDS AND EXPANDING CERTAIN INVESTMENT OPTIONS FOR STATE BOND PROCEEDS**

**SUMMARY:** The bill authorizes the State Treasurer, with the approval of the State Bond Commission, to enter

into interest rate swap agreements with highly rated counter parties, to manage market fluctuations of interest rate levels. In interest rate swap agreements, the State issues variable interest rate bonds and simultaneously enters into an agreement where the State pays a fixed interest rate to a third party financial institution. The third party financial institution pays the State a variable interest rate corresponding to the rate the State owes on the bonds. The cost of such bonds is lower than traditional variable rate financing.

The bill also expands the investment options for bond proceeds to include bonds issued by local jurisdictions which meet the State's criteria for credit ratings.

In addition, the bill makes technical corrections to the calculation of the State's debt limit.

EFFECTIVE DATE: Upon Passage

#### **COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable Report  
Yea 43      Nay 0